

**CITY OF ASHEVILLE
HOUSING TRUST FUND**



LOAN APPLICATION FORM

For Year 2008-2009

**City of Asheville
Community Development Division
Effective July 1, 2008**

PREFACE

The City of Asheville continues to recognize the need for affordable housing within our community. The Housing Trust Fund was created in 2000 as a source of local funding to assist in the development of affordable housing units within the Asheville city limits. Through the Housing Trust Fund, low interest financing is made available to developers in exchange for the production of affordable housing units. Since 2000, over \$5.4 million dollars has been appropriated to eligible projects resulting in 531 new affordable housing units.

The 2008-2009 Housing Trust Fund Application Form has been approved with minimal revisions. Most notably, language in the application has been revised to reflect that only multifamily projects will be considered for rehabilitation financing. The rehabilitation of single family residences and duplexes will not be considered as eligible projects. Secondly, an Appendix 2 has been added to this year's application to identify green building practices and energy efficient features in the proposed development. The Housing and Community Development Committee has agreed to provide additional weight in the scoring model for projects that reach above and beyond the minimal requirements in these areas.

The Community Development Department is available to answer any additional questions during normal business hours. For additional information please contact: Randy Stallings (828) 259-5720 or email rstallings@ashevillenc.gov.

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PROGRAM GUIDELINES

A. Introduction

The City of Asheville is offering low-interest loans from its Housing Trust Fund to assist in increasing the stock of affordable housing within the City. The City seeks applications from professional real estate developers for projects suitable for assistance from the Housing Trust Fund.

B. Eligible Activities

The following types of projects will be eligible for assistance:

1. Construction of new housing for sale or rental, including acquisition, site work, and soft costs;
2. Conversion or adaptive reuse of existing non-residential structures for housing;
3. Rehabilitation of existing substandard multifamily housing units that do not meet the City's minimum housing code. Single family residences and duplexes are ineligible.

All completed housing must meet state and local building codes. Stick-built or system-built (modular) housing is acceptable, but not manufactured (HUD) homes. *All projects must be located within the Asheville City limits.*

C. Eligible Developers

Developers may be:

1. For-profit corporations, partnerships, or sole proprietors;
2. Private incorporated non-profit agencies with IRS 501(c)(3) or similar designation.

Individuals seeking to build or renovate their own home will not be eligible.

D. Affordability

To be considered “affordable”, housing must meet the following criteria:

Homes for sale must be priced affordably **and** sold to a person with household income below area median (adjusted for family size);

Rental units must be rented at affordable rents for the first three years of occupancy **and** the first tenants must have household income below 80% of area median income, adjusted for family size.

Appendix 1 provides information on income levels, sales prices, and rents that meet these criteria

E. Timeframe

Projects must be scheduled to break ground or spend at least 10% of total project cost within 12 months of **submission of application**.

F. Loan Amount

The maximum loan amount will be:

For construction financing: \$50,000 per unit (to be repaid within 24 months of loan closing)

For permanent financing: \$30,000 per unit

No more than \$250,000 will be loaned to one applicant (or related applicants) within any 12 month period. Exceptionally, applications for up to \$500,000 will be considered for developments of 30 or more units.

G. Loan Terms

All assistance will be in the form of secured loans for a term of up to 30 years. The Trust Fund will not make grants, forgivable loans, or indefinitely deferred loans.

Loans will be fully amortizing at an interest rate of 2%, *except that*:

1. Loans for rental units restricted to families with less than 60% of area median income and with rents affordable to that group may be amortized at 0% interest or interest-only at 2% with principal deferred for up to 30 years.
2. Loans for the development of homes for sale may be assumed by homebuyers with household income below 80% of area median income in the form of a deferred “soft second” mortgage, with principal and interest deferred. The interest rate will be equal to the rate of appreciation of the home.
3. Interest on construction loans may be deferred until the loan principal is due.

H. Affirmative Marketing

The City will require all developers to abide by **Fair Housing** principles, which prohibit discrimination on the basis of race, age, gender, religion, national origin, disability, or family status. Units constructed with Housing Trust Funds must be openly marketed to ensure fair housing choice, with the exception of employer-assisted housing, which may be marketed specifically to employees of the sponsor of the housing. Owners of rental housing must not discriminate against tenants with Section 8 Housing Choice Vouchers

I. Minority Business Participation

The City has adopted a **Minority Business Plan** to encourage participation by minority and women-owned businesses in City assisted projects. A list of certified vendors can be found at http://www.ashevillenc.gov/business/business_with/minority_business or you may request a copy from CD staff.

J. Fee Rebates

Developers are reminded of the City’s fee rebate program under which 50% of building permits and water and sewer facility fees are rebated for new affordable homes.

K. Review Procedure

Applications will be reviewed by a panel made up of City staff and outside experts. The panel will make recommendations to the City’s Housing and Community Development Committee, which will submit a final recommendation to Council.

Depending on HCD Committee and Council meeting schedules, this process will take 5 – 8 weeks.

APPLICATION INSTRUCTIONS

You may complete the application form manually or electronically. It can be downloaded from the City's website at http://www.ashevillenc.gov/residents/housing/affordable_housing.

Submit pages 1-8 only, in printed form or via e-mail. Please detach the instructions and Appendices. Additional printed documentation, photographs and maps may be attached to clarify the project description, experience of the developer, etc.

For applications submitted by hand or by mail:

- ? The original and one copy should be submitted to:
City of Asheville
Community Development Division
City Hall, Room 512
Post Office Box 7148
Asheville NC 28802-7148
- ? Attachments should be in B/W and not larger than 11" x 17". If any pages are larger or in color, you must provide seven (7) printed copies.
- ? All pages must be numbered.
- ? Applications should be fastened with a paper clip or other fastening that can easily be undone for copying. Please do not use binders, covers, staples, or page tabs.

For applications submitted electronically:

- ? The completed application should be submitted via e-mail to rstallings@ashevillenc.gov
- ? Applications and attachments must be submitted in Microsoft Word or Adobe PDF format.
- ? Attachments should be in B/W and not larger than 8 1/2" x 14". If any pages are larger or in color, do not submit application via e-mail.

The City reserves the right to act as sole judge of the content of the applications submitted for the City's evaluation, selection and may, at its sole discretion, reject any or all applications.

The City will not be liable for any cost incurred in connection with preparation and submittal of any application.

Staff in the City's Community Development Division (Tel. 259-5728; Fax 350-0047) will be happy to answer questions about the Housing Trust Fund, this form and the application process, but cannot help write proposals.

CITY OF ASHEVILLE
APPLICATION FOR HOUSING TRUST FUND LOAN
2008-2009

A. SUMMARY

Project Location: _____

No. of total units: _____ For Sale _____ For Rental _____

Name of Developer: _____

(Doing Business As) _____

Loan Amount Requested:\$ _____

Terms Requested: ____ Permanent Financing ____ Construction Financing

Requesting special terms for rents below the 60% Median Income level? _____ (Yes/No)

B. DEVELOPER INFORMATION

B1. Developer's Address: _____

City/State/Zip: _____

Telephone Number: _____ Cell _____

Fed. ID# or Social Security #: _____

B2. Contact Person: _____

Title: _____

Telephone No: _____ Fax No: _____

E-Mail Address: _____

B3. Type of Organization:

? Non-Profit Corporation

? Sole Proprietorship

? General Partnership

? Limited Liability Corp

? Limited Partnership

? Limited Liability Partnership

? Other: _____

Date Established: _____

B4. Enclose a copy of the following documents, as applicable:

Non-Profit Corporations

- a. Articles of Incorporation and Bylaws
- b. IRS tax determination letter - 501(c)(3) or similar
- c. Most recent independent audit
- d. Resume(s) for staff who will manage project.
- e. List of current Board Members, with addresses.

For Profit Corporations

- a. Articles of Incorporation
- b. Most recent financial statement
- c. Resume(s) for staff who will manage project
- d. Three business references, with name, address and tel. no. for each.

Partnership or Sole Proprietorship

- a. Partnership Agreement (if any)
- b. Most recent Federal Tax Return(s)
- c. Personal Financial Statement for principal person(s)
- d. Three business references, with name, address and tel. no. for each.

B5. Past Experience:

Briefly describe three past housing construction projects that demonstrate your development experience. You may attach plans or photographs if you wish.

Project Title and Description	Number of Units	Year Completed	Total Project Cost
			\$
			\$
			\$

B6. Past Housing Trust Fund Projects. Please list any previous projects in which you, or any member of your development team have had a financial interest:

For completed rental projects assisted with an HTF loan, please state the actual current rent for each unit or group of similar units:

Address	No. of bedrooms	Current monthly rent	Utilities included (trash, water, etc)	No. of units at this rent

C. SITE DESCRIPTION

C1. Location(s):

Street name and, if known, address of each site:

C2. Parcel Identification Number(s)

Identify lot(s) by Buncombe County parcel number:

C3. Zoning Classification:

State the zoning of lot(s):

C4. Site Control:

? Site already owned

? Site under contract/option until (date)_____

? Offering for City-Owned site listed in Appendix 3 (attach “Offer to Purchase”)

? No site control

C5. Land-use Authorizations:

Has your development been through the appropriate level of Planning & Zoning reviews and/or Technical Review Committee? State which reviews and dates:

C6. Location Map:

Attach a map showing the development site in relation to streets and points of interest in the surrounding area (schools, parks, shops, major employers, etc.). The map should cover an area centered on the site and **at least ½ mile in radius**.

D. DEVELOPMENT PLAN

D1. Site Plan:

State parcel size in acres: _____

Please attach:

- a. A site plan showing lot boundaries, , and location of proposed buildings.
- b. Elevation design or drawing of dwelling units.
- c. Floor plans to scale (including ADA accessibility features if applicable).

D2. Quality Design Features (optional)

Please give us details of any specific features that you feel make your project particularly attractive in design and neighborhood compatibility.

D3. Energy Efficiency (Optional)

a.) Will the project participate in an externally monitored energy efficiency program (e.g. Energy Star, System Vision, NC HealthyBuilt Homes, LEED for Homes)?

? Yes ? No

If Yes, identify the program:

b.) Will the project include any of the energy efficient items listed in **Appendix 2**?

? Yes ? No

If Yes, specify which items:

D4. Disabled Accessibility:

a. State how many units will have **full ADA accessibility**: _____

b. State how many other units will have partial accessibility, that is

- ? An at-grade or ramped entrance to the main floor or the capability to easily install a short ramp later on (i.e. not more than 1 foot of elevation, with room for a ramp) **and**
- ? All doorways and passageways on the main floor at least 32" wide; **and**
- ? A bathroom or half-bath on the main floor that will accommodate a wheelchair (show dimensions of unobstructed floor area on floor plan)

Number of other units with all these features: _____

D5. Size and Price of units: Complete one line for each unit or group of identical units. Add more lines if needed.

# of Bedrooms	# of Baths	No. of units of this size	Area/unit (Heated sq. ft.)	Estimated Development Cost/unit	Cost per Sq. Ft	Proposed Sales Price <u>or</u> Monthly Rent*
Totals:						

* Fill in **either** sales price **or** monthly rent

For rental properties only, check whether the following utilities are included in the rent shown above or not (and circle the fuel source):

	Included	Not Included
Electricity/gas/oil for heating	?	?
Electricity/gas/oil for water heating	?	?
Electricity/gas for cooking	?	?
Electricity for lighting etc.	?	?
Water and sewer	?	?
Trash collection	?	?

D6. Proposed Time Table: (add more lines if needed)

Activity	Date
Land Acquisition	
Planning & zoning approval	
Construction Loan settlement	

Site Preparation starts	
Housing construction starts	
Construction completed	
Full Occupancy	

E. FINANCIAL INFORMATION

E1. Development Costs (add more lines if needed)

Land Acquisition	\$
Site Preparation	\$
Construction	\$
Construction Contingency	\$
Appraisal	\$
Survey	\$
Architect/Engineering	\$
Permits	\$
Taxes	\$
Financing Cost (include interest)	\$
Legal	\$
Marketing	\$
In-house admin costs/developers fee	\$
Other(specify)	\$
Total:	\$
Less Fee Rebate (if applicable):	-\$
Net Cost	\$

E2. Detail of construction financing. Please attach letters evidencing existing loan commitments.

	Source of Funds	Amount	Interest Rate	Term (years)	Committed? Yes/No	Collateral Offered
1	Acquisition Loan: Lender:	\$	%			
2	Construction Loan: Lender:	\$	%			
3	Other Loan: Lender:	\$	%			
4	Equity	\$				
5	Proposed Housing Trust Fund Loan:	\$	% *		No	
	Total:	\$				

* Enter 0% or 2% (see guidelines on Loan Terms on page iii)

E3. Project Revenues (sales revenues or permanent financing for rental projects)

	\$
	\$
	\$
Total:	

E3. Rental Pro Forma

For rental projects only: Provide a pro forma showing estimated project income, expenses, net operating income, debt service, and net cash flow, for at least the first five years.

Cash Flow Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues:					
1) Gross Rent					
2) Other Income					
Less Vacancy Rate					
= Effective Gross Rent					
Operating Expenses					
1) Property Taxes					
2) Insurance Premium					
3) Management fees					
4) Maintenance costs					
5) Owner's Utilities					
6) Replacement Reserve					
7) Operating Reserve					
Total Operating Expense					
Net Operating Income (NOI) (Effective Gross Rent - Total Operating Expense)					
Debt Service (Annual Principal & Interest)					
1 st Mortgage: _____					
2 nd Mortgage: _____					
3 rd Mortgage: _____					
Total Debt Service(DS)					
Cash Flow Available: (NOI - DS)					
Return on Investment: (Cash Flow/Equity Investment)					
Debt Coverage Ratio: (NOI/DS)					

F. LONG-TERM AFFORDABILITY (optional)

Describe any steps planned to preserve long-term affordability of the units: i.e. for rental units any commitment to maintain affordable rents beyond the first three years; for homeownership units any deed restrictions or equity sharing arrangements that maintain continued affordability on resale.

G. DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

G1. Are you or any of your employees, Board Members, business associates, or members of their immediate families?:

	Yes	No
a) Employees of or closely related to employees of the City's Planning and Development Department	?	?
b) Members of or closely related to Members of Asheville City Council or a candidate for election to City Council	?	?
c) Planning to live in one of the assisted units, or to rent or sell it to a close relative or business associate	?	?

G2. If you have answered YES to any question, **please attach a full explanation.** The existence of a potential conflict of interest does not necessarily make your project ineligible for funding, but the existence of an **undisclosed** conflict may result in the termination of any assistance and immediate repayment of the loan.

H. AUTHORIZATION

To the best of my knowledge and belief, all data in this application are true and current. The owner or governing board of the developer has authorized the application.

I understand and agree that the City of Asheville will verify the information contained herein to determine the form of assistance. Verification will include obtaining a credit report for all principal parties.

Signature: _____ Date _____

Printed Name: _____ Title: _____

(For a partnership, all partners must sign)

AFFORDABILITY REQUIREMENTS

Prices

#No. of Bedrooms	Maximum Sales Price	Maximum Rents (Exclusive of Utilities)	
		Maximum HTF Rent	Maximum Rent for Special Terms
0	115,000	600	475
1	125,000	650	510
2	145,000	780	610
3	160,000	900	700
4	170,000	1000	770

Income limits

Household Size	100% of median income	80% of median income	60% of median income
1	36,750	29,400	22,050
2	42,000	33,600	25,200
3	47,250	37,800	28,350
4	52,500	42,000	31,500
5	56,687	45,350	34,012
6	60,875	48,700	36,525

Notes

1. Homes built for sale must be sold at or below the **maximum sales price** listed above, and buyers must have income below **100% area median income**, adjusted for household size.
2. Buyers with income below **80% of median income** may assume the HTF loan as a “soft second” (principal deferred with interest rate equal to rate of appreciation of the home).
3. Homes built for rent, must have rents at or below **the Maximum HTF Rent listed above** for the first three years, and the first tenants must have income below **80% of median income**.
4. For units built to externally monitored energy efficiency standards, an additional \$20 may be added to the maximum rent (Community Development staff must review and approve the program).
5. To be eligible for a HTF loan at the most favorable terms (0% interest or interest-only at 2% with principal deferred), rental units must be restricted to tenants with household income below **60% of median income** and rented at or below the **Maximum Rent for Special Terms** listed above.
6. Income limits and rents will be revised annually, effective July 1.
7. Please note that setting sales prices or rents very close to the maximum allowed will limit your market of eligible buyers or tenants. It is your responsibility to assess market demand for your units.

8. **Failure to meet affordability requirements will cause the interest rate on the HTF loan to be accelerated and made retroactive to the date of loan disbursement.**

APPENDIX 2

ENERGY EFFICIENCY ITEMS (D3)

- ? Participation in a full monitoring certification process such as LEED, EnergyStar, or SystemVision is desired; however, inclusion of one or more of the following items will strengthen your application:
- Air Conditioner greater than 14 SEER/11 EER with Thermostatic Expansion Valve
 - Sealed Combustion Furnace or Heat Pump greater than 14 SEER/11.5 EER
 - Attic insulation greater than R38
 - All windows Low-E with U-factor 0.40 or less and SHCG factor 0.55 or less
 - All toilets low-flow 1.6 gpf or less
 - All shower heads low-flow 2.5 gpm or less
 - All lighting designed with compact fluorescent bulbs
 - Flooring constructed with recycled lumber.

EVALUATION OF APPLICATIONS

The following criteria will be considered by the City when evaluating loan applications. References in italics are to the sections of the application form containing the information that is to be evaluated.

1. **Cost-effectiveness – maximum 30 points**
 - a. Total project cost per unit, comparing relative costs of similar sized units (by no. of bedrooms) [*D5,E1*] – 10 pts
 - b. Amount of Housing Trust Funds requested per unit, comparing requests in each application [*E2*] – 10 pts
 - c. Budget information complete, realistic, and indicates need for HTF loan either to make project financially feasible with reasonable return on equity to developer, or to fill a financing gap [*E1,E2,E3*] – 10 pts
2. **Location and site plan support smart-growth policies – maximum 20 points**
 - a. Efficient land use – density close to maximum for zoning [*C3, D1*] – 5 pts
 - b. Infill on existing street not requiring extensive new infrastructure [*C6, D1*] – 5 pts
 - c. Accessible to public transportation (i.e. within ¼ mile), and jobs, and services [*C6*] – 5 pts
 - d. Site free of detrimental environmental factors such as noise, visual intrusions, [*from site inspection*] – 5 pts
3. **Quality of construction – maximum 20 points**
 - a. Good, neighborhood compatible design [*D1, D2*] – 5 pts
 - b. Energy-efficiency evidenced by participation in an externally monitored program such as Energy Star, System Vision, NC HealthyBuilt Homes, or LEED for homes [*D3*] – 10 pts
 - c. Incorporates accessibility features in excess of ADA requirements [*D5*] – 5 pts
4. **Affordability – maximum 20 points**
 - a. Rental: all or some units will be affordable to households below 60% of area median income [*D5*] – 10 pts
 - or**
 - b. Sale: all or some units will be affordable to households below 80% of median income [*D5*] – 10 pts
 - c. Project includes specific plan to preserve long-term affordability of units (e.g. rent controls beyond three years, land trust, or equity sharing on resale) [*F*] – 10 pts
5. **Readiness to proceed – maximum 10 points**

Probability that project will be underway within 12 months judged from site control [*C4*], financial commitments [*E2*], planning review [*C5*], and proposed timetable [*D6*] – 10 pts
6. **Developer Qualifications – maximum 30 points**
 - a. Track record of development team demonstrates capacity to complete construction projects of like kind [*B5*] – 15 pts
 - b. Financial statements are provided and show adequate financial capacity [*B4*] – 10 pts
 - c. Developer has maximized equity investment [*E2*] – 5 pts